



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 973: Apprenticeship and Youth Apprenticeship Awards

Assembly Bill 973 was introduced on February 9, 2022, and referred to the Assembly Committee on Workforce Development. The Committee took executive action on February 15, 2022, and adopted Assembly Substitute Amendment 1 to AB 973 on a vote of 9 to 0 and recommended the bill as amended for passage on a vote of 8 to 1. On February 17, 2022, the Assembly adopted Assembly Amendment 2 to ASA 1 to AB 973, adopted ASA 1 as amended, and passed the bill on a vote of 62 to 30. The bill was immediately messaged to the Senate where it was referred to the Senate Committee on Economic and Workforce Development. The Committee recommended concurrence on a vote of 3 to 2.

Senate Bill 981, which is a companion bill, was introduced on February 17, 2022, and referred to the Senate Committee on Economic and Workforce Development.

BILL SUMMARY

In referring to the bill, this summary addresses the provisions of ASA 1 to AB 973, as amended by AA 2.

Wisconsin Technical College System (WTCS). The bill would modify current law relating to technical preparation, school-to-work, and work-based learning programs to require the WTCS board to facilitate dual enrollment programs between school boards and technical college district boards for apprenticeship courses. The bill would also require the WTCS board to ensure that an individual's successful completion of an apprenticeship course allows the individual to receive technical college course credit while in high school.

The bill would add to the current requirement that the WTCS board publish a list of approved courses for technical preparation programs, to also list courses offered to high school students that meet all of the following criteria: (a) the course is offered to adults in an approved apprenticeship

program; (b) the course is an approved WTCS course; and (c) the course is taught by school district faculty, WTCS faculty, or by industry professionals who teach, or are qualified to teach, the course to adults in an approved apprenticeship program. The bill would include these courses in the applicable school district's technical preparation program.

Apprenticeship Completion Award Program (ACAP). Under current law, the Department of Workforce Development's (DWD) ACAP program partially reimburses eligible apprentices, or the apprentice's sponsor, for certain tuition costs related apprenticeship instruction. Under the program, reimbursement is a maximum of \$1,000 for up to 25% of the tuition, book, materials, and other course fees directly associated with related instruction. DWD disburses funds on a first-come, first-serve basis. The ACAP program is provided \$500,000 GPR annually from the Department's apprenticeship programs annual appropriation and reimbursement from the program is not guaranteed.

The bill would expand the ACAP program to also allow reimbursement to the apprentice's employer and allow reimbursement for certain eligible apprenticeship expenses. Under the bill, "eligible apprenticeship expenses" would be defined to mean any of the following costs incurred by an apprentice, the apprentice's sponsor, or the apprentice's employer in connection with the apprenticeship: (a) tools, books and instructional guides, and other materials, including personal protective equipment, that are used in the apprentice's trade, craft, or business; (b) tuition costs; and (c) travel costs, including mileage reimbursement, mass transit-related costs, parking costs, and taxicab and transportation network company ride fares.

Youth Apprenticeship Completion Award Program (YACAP). The bill would create a youth apprenticeship completion award program (YACAP), which would partially reimburse a youth apprentice who has successfully completed part or all of the requirements of his or her youth apprenticeship program, or an employer in connection with the youth apprenticeship program for the cost of: (a) tools, books and instructional guides, and other materials, including personal protective equipment, that are used in the youth apprentice's youth apprenticeship program; or (b) travel costs, including mileage reimbursement, mass transit-related costs, parking costs, and taxicab and transportation network company ride fares. Under the bill, employers would be defined as those employers that provide on-the-job training and supervision for youth apprentices.

The bill would specify that YACAP awards would only be available with respect to a youth apprenticeship program within the occupational areas of architecture and construction.

Under the bill, the Department may, upon the successful completion of all requirements of one year of youth apprenticeship, provide to a youth apprentice or an employer a completion award. The total amount of a YACAP award that DWD may pay to a youth apprentice or an employer for one year of youth apprenticeship would equal 25% of the eligible youth apprenticeship expenses that are incurred by the youth apprentice or employer for that year or \$500, whichever is less. Further, the Department may not provide completion awards to a youth apprentice and an employer for more than two years of youth apprenticeship with respect to a given youth apprentice, and the total amount of YACAP awards that DWD may pay to a youth apprentice or employer with respect to a given youth apprentice may not exceed 25% of the eligible youth apprenticeship expenses that are incurred

by the youth apprentice or employer for those years or \$1,000, whichever is less. The bill provides that if the amounts appropriated for the YACAP program are not sufficient to fully fund the completion awards, the Department may prorate award payments or deny applications for awards that would otherwise qualify under the program.

Career and Technical Education (CTE) Incentive Grants and Completion Awards. Under current law, DWD is required to annually award to a school district \$1,000 per pupil for each pupil in the school district who, in the prior school year, obtained a high school diploma or a technical education high school diploma from a school in the school district, if: (a) the school district has an industry-recognized certification program approved by DWD; and (b) the pupil successfully completed the school district's industry-recognized certification program in any school year in which the program was approved by DWD. Currently, DWD, the Department of Public Instruction (DPI) and the Wisconsin Technical College System Office (WTCS) create an approved list of industries and occupations with workforce shortages. DWD approves industry-recognized certification programs in the industries or occupations identified and school districts apply annually to DPI with a listing of their students that have earned approved certifications. Under the bill, construction work would be added to the list of industry-recognized certification programs for which DWD must approve programs. The bill would define "construction worker" as an individual engaged in the construction of roads, bridges, highways, sewers, water mains, utilities, public buildings, factories, housing, or similar construction projects. Currently, DWD is required to approve, for the purposes of the CTE grants and completion awards program, certification programs for fire fighters, emergency medical responders, and emergency medical services practitioners.

Emergency Rules. The bill would specify that DWD may promulgate emergency rules that are necessary to implement the provision of the bill without the finding of emergency. The emergency rules promulgated under the bill would remain in effect for two years, or until the date on which permanent rules take effect, whichever is sooner.

Effective Dates. The bill would take effect on the day after publication, except that the provisions pertaining to the YACAP program, the expansion of the ACAP program and the CTE Incentive Grants and Completion Awards would take effect on the second day after publication of the 2023-25 biennial budget act.

Individual Income Tax Deduction. The bill would provide an individual income tax deduction, beginning in tax year 2022, for eligible apprenticeship expenses that are paid by an individual for them or their dependent (as defined under federal law) to participate in an apprenticeship program approved by DWD. The bill would define eligible apprenticeship expenses to mean any of the following incurred by an apprentice, or the apprentice's sponsor or employer, in connection with an apprenticeship: (a) tools, books and instructional guides, and other materials, including personal protective equipment, that are used in the apprentice's trade, craft, or business; (b) tuition costs; or (c) travel costs, including mileage reimbursement, mass transit-related costs, parking costs, and transportation network company ride fares.

The bill would disallow claiming a deduction for any otherwise eligible amount that is: (a) paid from a college savings account or a college tuition and expenses program; (b) claimed as a

modification for tuition expenses or mandatory student fees as allowed under current law; (c) deducted under the current law provision for national service educational awards (AmeriCorps); or (d) reimbursed to the claimant as an apprenticeship completion award. The bill would require any amount previously deducted, that is subsequently refunded or otherwise returned to the claimant, to be added back to taxable income.

FISCAL EFFECT

Based on apprenticeship participation data from DWD, it is anticipated that there are slightly more than 6,900 apprentices participating in industry programs and 7,300 apprentices participating in WTCS programs. Based partially on tuition data from WTCS, and on a previous fiscal note issued for a similar bill by the Department of Revenue, it is estimated that apprentices will incur annual average eligible expenses of: (a) \$2,750 for industry program participants; and (b) \$1,400 for WTCS program participants. The income tax deduction provided under the bill is estimated to reduce individual income tax revenues by \$1.5 million on an annual basis, beginning in 2022-23.

Prepared by: Ryan Horton, Dave Loppnow, and Dan Spika